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No. 89-954

IN THE

Supreme Court of the United States

OCTOBER TERM, 1989

MONTEDORO-WHITNEY CORPORATION,
Petitioner,

v.

MARSH-McBIRNEY, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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BRIEF IN OPPOSITION OF RESPONDENT MARSH-McBIRNEY, INC.

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January 10, 1990

PEERS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

QUESTION PRESENTED

Whether the court below, though recognizing that petitioner had a valid post-judgment appeal in which it could have presented its liability arguments, properly declined to entertain these arguments, in response to petitioner's refusal as a litigation tactic to present its liability arguments in its post-judgment appeal?

LIST OF PARTIES

The parties to the proceedings below were the petitioner, Montedoro-Whitney Corporation, and the respondent, Marsh-McBirney, Inc. Respondent has no parent companies, subsidiaries, or affiliates to list pursuant to Rule 28.1.

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COUNTERSTATEMENT OF THE CASE

The District Court conducted a trial that began on February 10 and ended on April 25, 1988, with the entry of the amended judgment in respondent's favor. At the outset, the District Court realized that it did not need to hear respondent's evidence pertinent to relief (damages, injunction) unless the Marsh '246 patent was valid and infringed. It therefore exercised its discretion in a non-jury trial to re-order the normal presentation of proof. It directed that respondent present its liability case, that petitioner present its

liability defenses, and that issues related to relief would be addressed if the patent were found valid and infringed. Petitioner litigated numerous affirmative defenses available under the patent laws, and the District Court in a series of oral rulings rejected these defenses at various times as the trial progressed. It then found that petitioner's flowmeters with electromagnetic sensors infringed the patent but that petitioner's flowmeters with acoustic sensors did not.

Just as the District Court was preparing to proceed to issues related to relief, petitioner made an oral motion to bifurcate the trial into liability and relief phases for the express purpose of permitting it to take an interlocutory appeal. The District Court denied this motion. Petition, p. 9a. Thereafter, petitioner managed to litigate yet further liability issues, but the remainder of the trial focused primarily on damage issues, with respondent's prayer for an injunction also being addressed. No judgment order, or decree was entered prior to April 25.[1] The amended judgment entered on April 25 recited, in paragraph 1, that: "1. That all findings of fact and conclusions of law previously announced by the Court are hereby made final findings of fact and conclusions of law." Petition, p. 22a.

On March 22, the District Court became aware that petitioner had filed on that day its first notice of appeal. It immediately advised petitioner's trial counsel that its previously announced findings of fact

[1] Petitioner's assertion on pp. 6-7 that it was appealing "certain oral orders" is incorrect. Both premature notices of appeal asserted that petitioner was appealing "orders," but no "orders" had been entered, only oral rulings announced.

and conclusions of law were not final, and even warned petitioner that it was vexatiously multiplying the proceedings in violation of 28 U.S.C. § 1927. Petition, p. 10a. Undeterred, petitioner filed a second premature notice of appeal on April 7. After entry of judgment on April 25, petitioner filed a timely notice of appeal from the judgment and respondent filed a timely notice of cross-appeal.

In brief and in argument, petitioner strenuously urged that the Federal Court did not have jurisdiction to hear respondent's cross-appeal because respondent had not filed a notice of appeal within thirty days of the non-infringement ruling with respect to petitioner's flowmeters with acoustic sensors. To be consistent, petitioner thus insisted in brief that it was presenting its liability issues only in the context of its first two appeals. Petitioner in brief expressly limited the scope of its timely post-judgment appeal to an issue related to damages. Petition, p. 10a.

Contrary to the statement on p. 8, lines 9-11 of its petition, the Federal Circuit did *not* hold that it did not have jurisdiction over petitioner's arguments on liability. To the contrary, the Federal Circuit recognized that it had jurisdiction to hear petitioner's liability issues in its timely post-judgment appeal of May 18: "It had a vehicle for all issues in its appeal of May 18, of course." Petition, p.10a. The Federal Circuit declined to consider petitioner's liability issues in connection with that appeal because petitioner as a litigation tactic had limited that appeal in brief only to damages. Petition, p. 10a. The Federal Court then reiterated its holding that it was without jurisdiction to hear petitioner's two premature liability appeals. Petition, p.10a. The Federal Circuit, very sensibly,

made petitioner pay the price of its own self-inflicted litigation tactic, in which petitioner had expressly limited its valid appeal to damages, in order to attack as untimely respondent's valid cross-appeal from the amended judgment.

REASONS FOR DENYING THE WRIT

1. This Court can have no interest in rescuing petitioner from its tactical decision (made by new counsel on appeal) not to pursue petitioner's liability issues in its valid, post-judgment appeal. Petitioner chose to attack the timeliness of respondent's cross-appeal. To do so, it chose not to litigate its liability issues in its valid post-judgment appeal, as it could not then attack the validity of respondent's cross-appeal. The Federal Circuit's ruling, making petitioner pay the price of its own litigation tactic, serves as a needed and powerful deterrent to unscrupulous advocacy.

2. This Court can have no interest in the administration of 28 U.S.C. § 1292(c)(2), a special statute that permits an appeal from a judgment in a patent case that is final except for an accounting. Since all such interlocutory appeals go to the Federal Circuit, the Federal Circuit can ensure the uniform and proper administration of this special patent statute.

3. Petitioner in any event has no basis for asserting that its premature appeals were somehow valid under 28 U.S.C. § 1292(c)(2). The reasons are manifold: (1) no judgment (order, or decree) was entered prior to the final judgment entered April 25, 1988, (2) the District Court denied petitioner's motion to bifurcate, so that it was entirely clear that its rulings on various liability issues were not intended as "orders" (much less appealable orders), (3) more than "an accounting"

remained until the end of the trial, as respondent was seeking an injunction, which was in fact entered, (4) the District Court unequivocally stated that its prior rulings were not final when petitioner's first notice of appeal came to its attention, on the very day it was filed, and (5) the amended judgment in paragraph one reiterates that the prior rulings were not final. The Federal Circuit correctly ruled, therefore, that petitioner was misusing 28 U.S.C. § 1292(c)(2) when it purported to appeal from a non-existent judgment thereunder. Petition, 9a.

4. This Court should not use this case as a vehicle to straighten out a conflict among the Circuit Courts of Appeal over when an appeal should be saved under Fed.R.App.P. 4(a)(2). In the first place, petitioner had a valid appeal to raise its liability issues, yet chose not to raise these issues in its valid appeal. If this Court ever addresses the scope of the savings clause of Fed.R.App.P. 4(a)(2), it should only do so on behalf of a litigant who did not file a timely post-judgment appeal and for this reason truly needs to be "saved." Secondly, the rulings that petitioner sought to appeal could in any event never serve as the predicate for a valid notice of appeal. The intermittent, non-final findings of fact and conclusions of law were neither "a decision" nor "an order" under Fed.R.App.P. 4(a)(2). Announced findings of fact and conclusion of law, without entry of an order under Rule 54(b), Fed.R.Civ.P., are not final but remain subject to revision under Rule 54(b). Thirdly, the Federal Circuit in its discussion followed the well-reasoned majority rule according to the Fifth Circuit's decision in *Alcom Electronic Exchange, Inc.* v. *Burgess*, 849 F.2d 964, 967 (5th Cir. 1988). The Federal Circuit's decision is

also in accord with 9 J.W. Moore, Moore's Federal Practice ¶'s 204.14, at 4-128 (3d ed. 1989), as the Federal Circuit points out. Petition, p. 10a. Certainly, this Court should decline to become involved in the administration of Fed.R.App.P. 4(a)(2) where the court below has followed the majority rule. Today, it seems clear that the minority rule will not be followed, especially as Rule 4(a)(2) was enacted in 1979, except where slavish obedience to uninformed precedent otherwise dictates (as apparently in the Fifth Circuit, according to the *Alcom* decision).

5. Petitioner asserts that this Court should exercise its supervisory authority over the Federal Circuit, asserting that its decision does violence to this Court's decision in *Foman* v. *Davis*, 371 U.S. 178 (1962), but there is no arguable merit in this assertion. In *Foman*, the issue was proper construction of a post-judgment notice of appeal. Petitioner's post-judgment (May 18) notice of appeal, however, presents no issue of construction; the notice in form was in all respects proper. To the contrary, the Federal Circuit expressly recognized, consistently with the result in *Foman*, that "petitioner had a vehicle for all issues in its appeal of May 18, 1988, of course." Petition, p. 10a. Thus, petitioner cannot complain of misconstruction of its post-judgment notice of appeal. Petitioner in its petition does not disclose that in its brief before the Federal Circuit it expressly limited its May 18 appeal to damages—and the Federal Circuit was merely "accept[ing] the case as it was presented" (Petition, p. 10a)—in other words, holding petitioner to its ill-conceived litigation tactic that boomeranged on petitioner, as it certainly should have.

CONCLUSION

For the reasons stated herein, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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Dated: January 10, 1990